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7 March 1957

MEMORANDUM FOR: Director of Administration

SUBJECT : Legal Counsel Interpretation of Lockheed Employment Agreement

1. Project Director of Personnel and the undersigned met with Mr. Larry Houston on this date to discuss two questions which have arisen in regard to the interpretation of certain sections in subject contract. Specifically, these sections are:

a. SECTION 5 - AMOUNT, TIME AND MODE OF PAYMENT OF SALARY

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(1) [REDACTED] has stated that it is his recollection that at the time subject contract was drawn up, it was the intention that the \$50 per week "holdback" be made a part of the contract for the purpose of assuring that the individual employee would save at least this amount. In addition, this "holdback" should be, in effect, a guarantee that if an employee under this contract were terminated for any of the reasons set forth in Section 16 (a) or Section 16 (c) before the completion of the agreed term of employment, any extraordinary expenses incurred on the part of such employee (for example, leave transportation costs) could be deducted from this "holdback" reserve.

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(2) It was [REDACTED] understanding that this "holdback" was not to be a "carrot" to encourage fulfillment of the contract by the employee. He believed that the bonus or overseas differential only was to be the "carrot."

(3) This understanding was explained to Mr. Houston, and his initial reaction was that we legally could not pay an individual his "holdback" salary if he had terminated in accordance with Section 16 (a) or 16 (c) of the Employment Agreement.

b. SECTION 8 - VACATION, SICK LEAVE AND TERMINAL LEAVE

(1) The question here is whether, in the case of an employee who is terminated before the completion of his contract for any reason other than in accordance with the

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provisions of Section 16 (a) or Section 16 (c), such employee's home leave is prorated on the basis of 78 weeks or 39 weeks.

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(2) [REDACTED] feeling on this matter is that since an employee is entitled to his 4-weeks home leave after the completion of 39 weeks of his contract, then, leave earned for any period of service less than 39 weeks should be prorated as a fraction of 39 weeks.

(3) It has generally been the understanding in Project Headquarters that such unused leave would be prorated as a fraction of 78 weeks or the total contract period.

(4) On this matter Mr. Houston informally expressed the opinion that a good argument could be made for either interpretation.

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2. Mr. Houston advised [REDACTED] and the undersigned that he would like to look further into each of these questions and subsequently give the Project a legal opinion on the questions. A copy of the Lockheed Agreement of Employment was left with Mr. Houston for further study.

3. We will keep you currently advised on these matters.

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[REDACTED]

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